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Approved For Release 2002/09/11 : CIA-RDP80B01676R002500050008-4

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Dated by DDP

January 28th, 1951

Memorandum for General Walter Bedell Smith
from William J. Donovan

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I was at dinner the other night at a closed meeting with the Secretary for War. In the course of the meeting, following the Secretary's exposition of what would have to be done in the way of mobilizing troops and armament, I pointed out that during that period we would be devoid of army and armament for a period certainly of ten months. That presented the question - how would we be able to prevent Stalin's consolidation of the Far East during that period?

I suggested that we were today in much the same position that Britain was after Dunkerque in 1940. There were many instances of analogy, but two would suffice: just as Britain was the last rampart of defense against Hitler, so America is the last against Stalin, and just as Britain had then her army locked up in Libya so we have ours locked up in Korea. There was also a close similarity between the reorganization of the British Army then and the reorganization of our larger Army now. How did Britain handle her situation? She resorted to ruses de guerre, strategems, deception and the building up of secret armies within those countries occupied by the enemy.

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It seems the part of wisdom to follow that example. By the poor man's war and the employment of at the most \$50,000,000. in the period of this year, we should be able to encourage the resistance groups in various countries to so engage Stalin and threaten his rear as to make it impossible for him to consolidate his present position in the Far East.

I think we all agree that his great weakness is the Russian people themselves. Like every dictator, unless he can prevail upon his people to stand with him he dare not start a war. It is up to us to capitalize the evident unrest of the Russian people.

Your
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tended by these

which seek to convince the Russian people that we are their friends. In addition we see that in the Far East there is a spontaneous reaction, particularly in South China, against Communist China itself. This should be exploited. It does not require the sending of groups of our men.

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In addition letters from

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if we know how to do it sensibly there could be an interchange of support between that country and ourselves. I send you copy of a memorandum sent to me by the head of security police in that country.

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CIA could make use of Point 4 in respect to our friends in the Far East. For example, for over four years some of us who had been in OSS tried to prevail upon the State Department to set up agricultural schools for the Karen and the Kachins, the two tribes that had been so loyal to us in World War II. Such assistance as we proposed might well have prevented trouble in Burma and even now, if properly presented, would be of help in working out a peaceful arrangement with that country.

On Point 4 also the State Department might make a real contribution in undertaking joint contributions by the British, the Dutch, the French, and ourselves in meeting the economic problems in the Malay area. The same is true of Indo-China.

Likewise and simultaneously, while this is being done in the Far East and South East Asia, we should now in the various countries of Europe be giving our fullest aid not merely to Tito, but to resistance forces within countries now controlled by Stalin dominated minorities.

All of these various projects could be handled by a small number of men under plans that have comprehension and imagination.

It is the sort of positive and affirmative action that I am sure you believe CIA should take.

You will remember, Bedell, that after your decision

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to go into North Africa it was reassuring to you to know that many months before OSS had acted upon the assumption that that would happen, and had accordingly made preparations in the gathering of intelligence and in the setting up of units that could be of help.

The same thing could be done here. To my mind, this is the lowest common denominator upon which we can base the effort of the American people at this moment. It is a great chance for you and your organization.

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